

# House File 616

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1 3 AN ACT  
1 4 PROHIBITING A CANCELLATION PENALTY UPON CANCELLATION OF A  
1 5 PURCHASE AGREEMENT FOR CEMETERY MERCHANDISE, FUNERAL  
1 6 MERCHANDISE, AND FUNERAL SERVICES.  
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1 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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1 10 Section 1. Section 523A.602, subsection 2, paragraph b,  
1 11 Code 2003, is amended to read as follows:  
1 12 b. (1) If a purchase agreement is canceled, a purchaser  
1 13 requests a transfer of the trust assets upon cancellation of a  
1 14 purchase agreement, or another establishment provides  
1 15 merchandise or services designated in a purchase agreement,  
1 16 the seller shall refund or transfer within thirty days of  
1 17 receiving a written demand no less than the purchase price of  
1 18 the applicable cemetery merchandise, funeral merchandise, and  
1 19 funeral services adjusted for inflation, using the consumer  
1 20 price index amounts announced by the commissioner annually,  
1 21 less any ~~cancellation penalty~~ actual expenses incurred by the  
1 22 seller pursuant to the purchase agreement as set forth in the  
1 23 purchase agreement under section 523A.601, subsection 1,  
1 24 paragraph "f". The amount of the ~~cancellation penalty~~ actual  
1 25 expenses deducted by the seller shall not exceed ten percent  
1 26 of the purchase price of the applicable cemetery merchandise,  
1 27 funeral merchandise, and funeral services. The seller may  
1 28 also deduct the value of the cemetery merchandise, funeral  
1 29 merchandise, and funeral services already received by,  
1 30 delivered to, or warehoused for the purchaser.  
1 31 (2) For the purposes of this paragraph "b", "actual  
1 32 expenses" means all reasonable business expenses of an  
1 33 establishment that are associated with the sale of cemetery  
1 34 merchandise, funeral merchandise, funeral services, or a  
1 35 combination thereof. "Actual expenses" includes but is not  
2 1 limited to the following:  
2 2 (a) Marketing and promotional expenses.  
2 3 (b) Investment management fees.  
2 4 (c) Annual reporting fees related to accounting and  
2 5 regulatory requirements.  
2 6 (d) Licensing fees of the establishment.  
2 7 (e) Administration, regulatory reporting, and custody  
2 8 expenses related to purchase agreements.  
2 9 (f) Computer and software expenses.  
2 10 (g) Expenses related to employees of the establishment  
2 11 such as licensing fees, continuing education, and salaries and  
2 12 commissions.  
2 13 (h) Miscellaneous office expenses.  
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2 18 CHRISTOPHER C. RANTS  
2 19 Speaker of the House  
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2 23 MARY E. KRAMER  
2 24 President of the Senate  
2 25  
2 26 I hereby certify that this bill originated in the House and  
2 27 is known as House File 616, Eightieth General Assembly.  
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2 30 \_\_\_\_\_  
2 31 MARGARET THOMSON  
2 32 Chief Clerk of the House  
2 33 Approved \_\_\_\_\_, 2003  
2 34  
2 35  
3 1 \_\_\_\_\_  
3 2 THOMAS J. VILSACK  
3 Governor